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**COMPTROLLER GENERAL OF THE UNITED STATES**

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WASHINGTON, D.C. 20548

RELEASED

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C14R The Honorable Frank E. Evans  
 House of Representatives

JAN 4 1974

Dear Mr. Evans:

This is in response to your July 20, 1973, request that we make a comparative study on the unit costs and the turn-around times at the Pueblo, Colorado, and the Philadelphia, Pennsylvania, distribution centers and at the Washington, D.C., central office of the Public Documents Department, U.S. Government Printing Office (GPO).

1 You also asked us to look into GPO's reported funding of salaries and other costs for the distribution centers through its revolving fund rather than through the annual appropriation for the Superintendent of Documents. 178

FUNCTIONS OF DISTRIBUTION CENTERS

The Pueblo and Philadelphia distribution centers process orders for publications that appear on the GPO Selected List. The Selected List, a biweekly advertisement mailed by the Pueblo center, lists publications which the public can order with attached standardized forms. Approximately 1,600 titles are available on the list at each distribution center. The Philadelphia center has 23 GPO employees while Pueblo has 112 GPO employees. However, at Philadelphia the civilian employees of the Naval Publications and Forms Center process the orders.

The Pueblo center also distributes Consumer Product Information (CPI) publications, some of which are free to customers. Since this function was transferred to Pueblo from the General Services Administration in January 1973, approximately 700 CPI publications have been made available for distribution.

A post office is in the same building as the Philadelphia distribution center. At Pueblo the mail is pouched and sent

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to the local post office for mailing. Employees do not perform any mailing functions at either center.

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The central office distributes publications for Members of Congress and Federal agencies and to consigned agents, depository libraries, deposit account customers, and Government bookstores, as well as to the public. Approximately 25,000 publications are available to the public from the central office.

### UNIT COSTS

To determine unit costs, GPO identified the fiscal year 1973 total direct costs of receiving, storing, internally transporting, order filling, packaging, and mailing publications at the two centers. GPO allocated indirect costs, such as postage, warehouse rental, advertising, general sales distribution, and overhead expenses, to the centers and the central office on the bases of sales and number of employees. This allocation appears to be reasonable.

We determined the unit costs per order by dividing the total costs of operations by the total number of orders processed at each distribution center. We also computed the costs per publication by using the total number of publications processed during the year. Although the central office's operations differ considerably from those of the two distribution centers, we included its distribution costs for comparison.

	<u>Total cost</u>	<u>Total orders</u>	<u>Unit cost per order</u>	<u>Total publi- cations processed</u>	<u>Unit cost per publi- cation</u>
Washing- ton	\$20,292,000	2,671,000	\$7.60	(a)	(a)
Phila- delphia	2,517,000	615,000	4.09	2,900,000	\$0.87
Pueblo	2,829,000	840,000	3.37	3,995,000	0.71

<sup>a</sup>Not available.

GPO officials suggested that postage and advertisement expenses be excluded from the costs shown above because they are not related directly to the processing of orders. When these expenses are excluded, the following costs result.

	<u>Total cost</u>	<u>Unit cost per order</u>
Washington	\$11,050,000	\$4.14
Philadelphia	1,580,000	2.57
Pueblo	1,892,000	2.25

In addition, GPO officials believe that the direct costs of distributing free CPI publications should not be included. Because Pueblo was the only center affected, GPO reduced the center's direct processing costs and number of orders processed by the ratio of free CPI publications to total publications processed. After doing so, Pueblo's total cost would be reduced to about \$1,690,000, but similarly the number of orders processed would be reduced, resulting in a higher revised unit cost of about \$2.74 per order.

#### TURNAROUND TIMES

To test turnaround times, we randomly selected orders which were ready for mailing to customers during a designated week. We did not include backorders for publications that were out of stock or Pueblo's orders for free CPI publications because the order receipt dates were not available.

	<u>Orders sampled</u>	<u>Average workdays to fill orders</u>
Washington	1,222	26.7
Philadelphia	1,091	15.4
Pueblo	4,348	5.3

Certain conditions at the centers during our test may have caused some deviation from GPO's normal turnaround times. For example, Philadelphia officials believed that a backlog may have contributed to the turnaround time of 15 days. According to the officials, the backlog had resulted from an exceptionally high rate of absenteeism caused by summer vacations and a heat

wave. Although no periodic test data was available at Philadelphia, officials estimated their normal turnaround time to be 6 to 8 days.

Pueblo officials considered their workload to be relatively low during our test and consequently considered the 5-day turnaround time well under normal. They explained that they generally try to stay within a 10-day turnaround time.

We believe that the longer turnaround time at the central office is partly due to the time required to process the many orders received from the public on nonstandard forms for all publications available from the Public Documents Department.

#### CHANGES IN DISTRIBUTION CENTERS

We asked whether GPO has any plans which would affect the present distribution system at any of the centers. GPO informed us that it plans to reduce the distribution of special advertisement flyers and to consolidate warehousing space for the central office. Although a current study may affect the overall distribution process, GPO informed us that it has no plans to curtail or expand the operation of the distribution centers.

#### FUNDING OF SALARIES AND OTHER SUPERINTENDENT OF DOCUMENTS COSTS THROUGH THE REVOLVING FUND

GPO officials informed us that in fiscal years 1972 and 1973 certain costs of operating the Pueblo and Philadelphia distribution centers and certain other costs considered in arriving at the sales price of documents to be sold to the public were not financed from appropriated funds.

Thus, in fiscal year 1972, about \$2,354,000 was spent for postage and about \$2,960,000 for administrative expenses. The administrative expenses not charged against appropriations consisted of:

--About \$644,000 for the cost of financial management employees assigned to Public Documents Department

work at both the Washington and the regional distribution centers.

--About \$1,556,000 for GPO overhead, charged to the Office of the Superintendent of Documents as its proportionate sharing of general GPO overhead.

--About \$760,000 for the operation of Public Documents Department warehouses, of which about \$229,000 represented GPO costs and about \$531,000 represented Public Documents Department costs. GPO officials informed us that the warehouse expense was primarily for rent but that part of it was for salaries for employees of Public Documents Department warehouses.

In fiscal year 1973, about \$4,631,000 in administrative expenses not funded through appropriations consisted of:

--About \$674,000 for GPO financial management employees.

--About \$2,563,000 for GPO overhead, charged to the Public Documents Department.

--About \$1,394,000 for document warehouses, charged to the Public Documents Department.

The practice of not reimbursing the revolving fund from appropriated funds for the Public Documents Department costs described above is in conflict with 44 U.S.C. 309, which states that the fund is not to be used for the operation and maintenance of the Office of the Superintendent of Documents.

GPO officials told us that as of January 1974 the costs of the items previously funded from the revolving fund without reimbursement will be funded from appropriated funds and will be included in the fiscal year 1975 budget request.

In fiscal year 1973, we found that \$1,371,000 in salaries and operational costs of the distribution centers, in addition to those described above, were funded from the revolving fund, even though money for these purposes had been included in the fiscal year 1973 appropriation.

The use of the revolving fund to fund salaries and operational costs for which appropriations have already been made by the Congress without appropriate reimbursement from appropriated funds would constitute an augmentation of those appropriations which is prohibited by 31 U.S.C. 628. (See 45 Comp. Gen. 255 (1958).) GPO officials informed us, however, that they realized that the funding of these salaries and operational costs from the revolving fund without reimbursement was improper and that before the fiscal year 1973 books were closed the expenses were therefore charged against the unexpended balance of the fiscal year 1973 appropriation.

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We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in cursive script, reading "James B. Stacks".

Comptroller General  
of the United States